

September 24, 1997

MEMORANDUM TO: Distribution

FROM: Michael J. Rubino, Associate Director
Acquisition Services Branch

SUBJECT: Policy Memorandum No. 97-013 – Ratification of
Unauthorized Contractual Commitments \$10,000 or Less

1. Purpose. The purpose of this Policy Memorandum is to modify the Acquisition Policy Manual (APM) to allow Regional Managers, Division of Administration (DOA), to approve ratification of unauthorized contractual commitments \$10,000 or less.

2. References. APM 8.B., *Ratification of Unauthorized Contractual Commitments*, Page 8-3.

3. Scope. This Policy Memorandum is applicable to all Contracting Officers and Acquisition Services Branch (ASB) personnel.

4. Background. APM 8.B.8. reserves the authority to approve ratification of unauthorized contractual commitments solely to the Associate Director, ASB. However, in order to expedite processing low dollar ratifications, Regional Managers, DOA, shall have the authority to approve such actions \$10,000 or less.

5. APM Change. In accordance with the foregoing, APM 8.B. is revised as follows:

a. APM 8.B.7.e. is deleted in its entirety. (It is redundant with the new provisions stated in APM 8.B.8.a. below).

b. APM 8.B.8. is deleted in its entirety and restated as follows:

“8.B.8. Ratification Approval.

8.B.8.a. Contracting Officer Recommendation Report. Based upon facts surrounding the unauthorized commitment (see APM 8.B.7.), the Contracting Officer shall prepare a written Recommendation Report documenting the findings and providing a recommendation for either approving or denying the ratification action. When the Contracting Officer recommends approval, the Recommendation Report must affirm the goods and services were/are acceptable to FDIC and the associated price fair and reasonable.

8.B.8.b. Approval of the Recommendation Report. The Contracting Officer's Recommendations Report shall be approved by the Associate Director, ASB, or the Regional Manager, DOA, as appropriate, for actions \$10,000 or less. Actions greater than \$10,000 shall only be approved by the Associate Director, ASB.

8.B.8.c. Contracting Officer Action. If the ratification action is denied, the Contracting Officer shall provide the contractor with a letter disclosing the decision with a brief rationale. If the ratification action is approved, the Contracting Officer shall prepare a contract modification or contract, as necessary, documenting the work performed and the associated price. A contract modification shall be used if the ratification occurs on a contract with a current (unexpired) period of performance. A new contract shall be used if the ratification occurs without a corresponding contract or when the contract has expired.

8.B.8.d. Contracting Officer Warrant Authority/Expenditure Approval. Ratification shall be permitted only within the Contracting Officer's warrant authority and after new expenditure authority has been obtained. The specific dollar amount being ratified shall be used for determining the required Warrant level and proper expenditure authority. Previously approved expenditure authority for the contract shall not be used for ratification.

8.B.8.e. Documentation. All documentation supporting the approval or denial of a ratification action, including expenditure authority and resulting contract/contract modification, shall be placed in the official contract file. Copies of all approved or denied Recommendation Reports shall be provided to the Assistant Director, Policy Development and Compliance Section, ASB.

6. Effective Date. This Policy Memorandum is effective immediately.

7. Contacts. If you have any questions, please contact David McDermott on (202) 942-3434.

Cc: Jane Sartori
John Lynn
DOA Associate Directors
DOA Regional Managers

Distribution:

David McDermott

Paul Wright

Carolyn Follin

Tom Harris

Patricia Simons

Deirdre MacBain

Vance Brawley

Dave Lamoureux, Legal

Greg Cofer, ODEO

Rex A. Simmons, OIG

Oversight Managers

Dan Mahoney, DIRM

Debbie Reilly

Rodney Cartwright

Brenda Butler

Harry Baker

Sandra West

Steve Metildi

Connie Knittle

Stephen M. Hanas, Legal

Helen Belletti, TCSB

Dianna Strader, PSB

Greg Betor, CSB